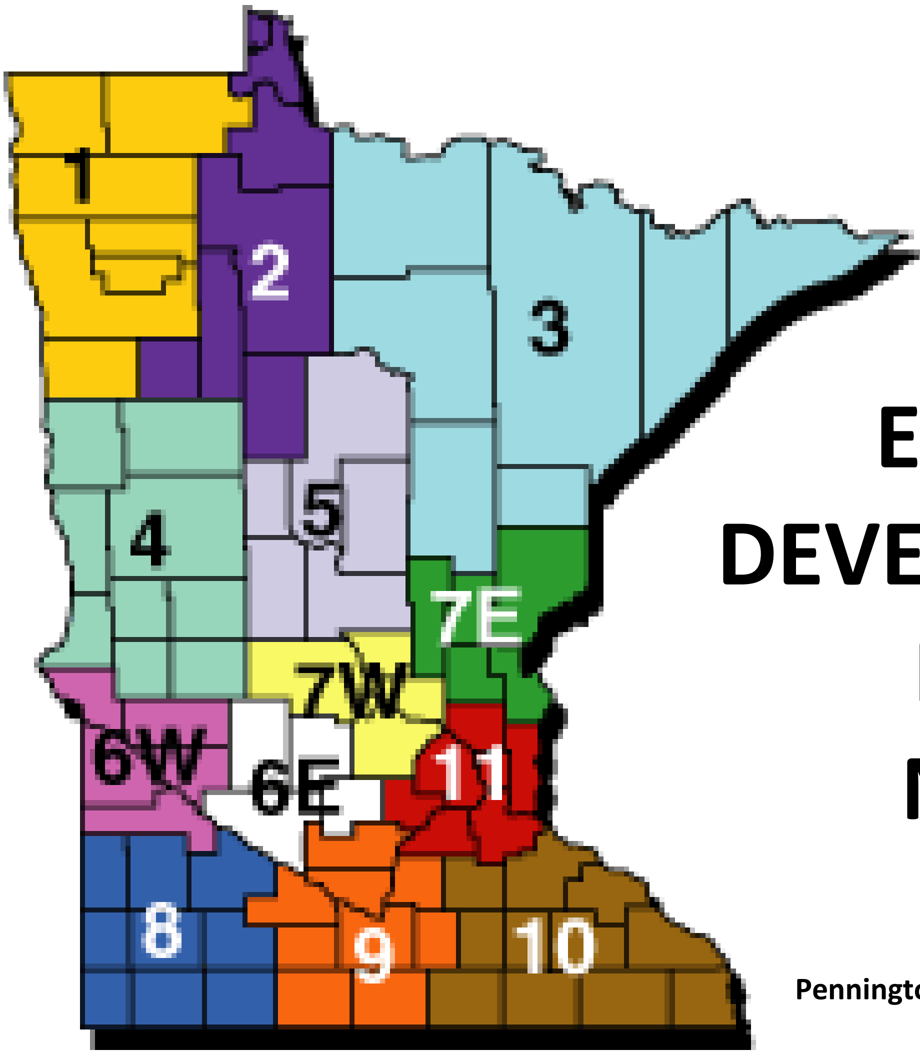

ECONOMIC DEVELOPMENT REGION 1: Northwest

Covers counties:
Kittson, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau

2015 REGIONAL PROFILE

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DEMOGRAPHICS

POPULATION CHANGE, 2000-2014

Economic Development Region 1 - Northwest includes a total of 7 counties, located in the larger 26-county Northwest Minnesota planning region. Region 1 was home to 85,975 people in 2014, accounting for 1.6 percent of the state's total population. That made it the third smallest economic development region (EDR) in the state. Region 1 saw its population fall by nearly 2,500 residents from 2000 to 2014, a 2.8 percent decrease, as compared to a 10.9 percent increase statewide. It was one of only three EDRs to decrease in population. With 31,369 people, Polk County is the most populous in the area, and the 31st largest of 87 counties in the state. After growing 3.5 percent, Pennington County was the fastest growing county in the region, just ahead of Polk County, which grew 1.1 percent. The other five counties in the region suffered population declines from 2000 to 2014 (see Table 1).

Table 1. Population Change 2000-2014

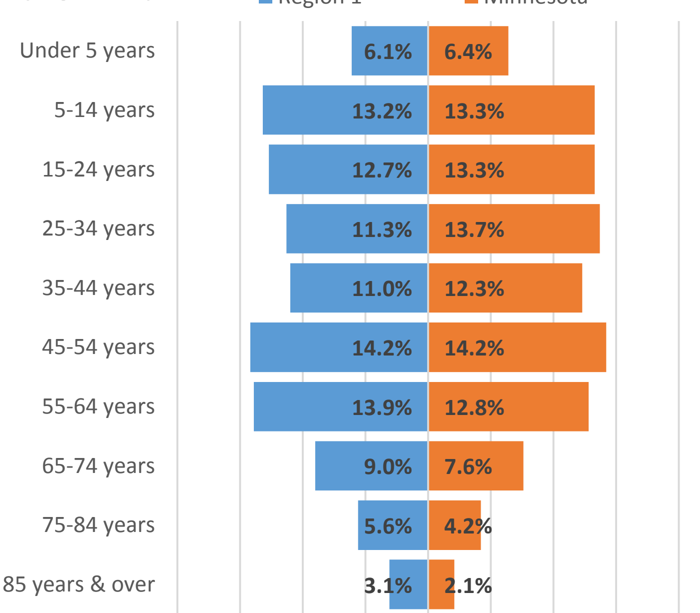
	2000 Population	2014 Estimates	*2000-2014 Change*	
			Number	*Percent*
Region 1 - Northwest	**88,472**	**85,975**	***-2,497***	***-2.8%***
Kittson Co.	5,285	4,435	*-850*	*-16.1%*
Marshall Co.	10,155	9,417	*-738*	*-7.3%*
Norman Co.	7,442	6,639	*-803*	*-10.8%*
Pennington Co.	13,584	14,058	*+474*	*+3.5%*
Polk Co.	31,369	31,704	*+335*	*+1.1%*
Red Lake Co.	4,299	4,043	*-256*	*-6.0%*
Roseau Co.	16,338	15,679	*-659*	*-4.0%*
State of Minnesota	**4,919,479**	**5,457,173**	***+537,694***	***+10.9%***

Source: U.S. Census Bureau, Population Estimates

POPULATION BY AGE GROUP, 2000-2013

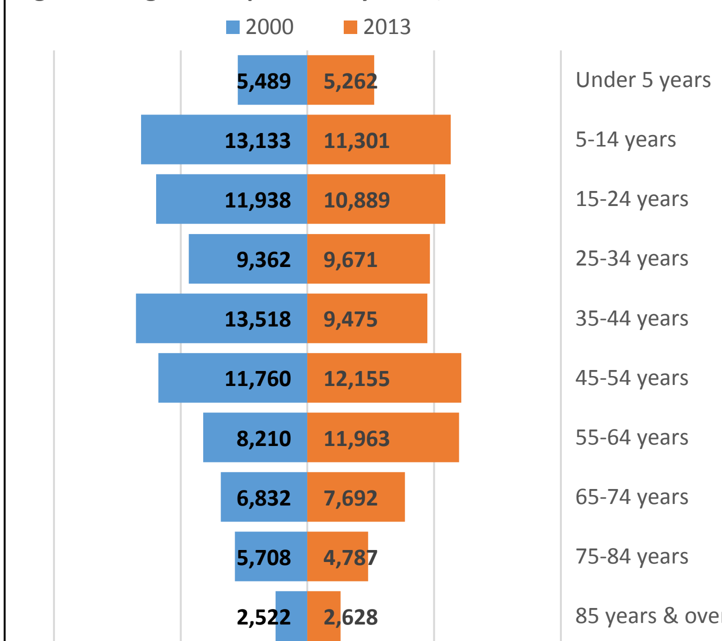
Region 1 has an older population than Minnesota as a whole, with 31.6 percent of the population aged 55 years and over, compared to 26.7 percent across the state. In contrast, with 36.5 percent of the population in the 25 to 54 year-old age group, typically considered the "prime working years," Region 1 had 3.7 percent less than the state. About one-third of the area's population was a part of the Baby Boom generation, born between 1946 and 1964, which is creating a significant shift in the population over time. While the number of younger residents is declining, the number of residents aged 55 years and over has rapidly increased (see Figure 1 and Figure 2).

Figure 1. Percentage of Population by Age Group, 2013



Source: U.S. Census Bureau, American Community Survey

Figure 2. Region 1 Population Pyramid, 2000-2013

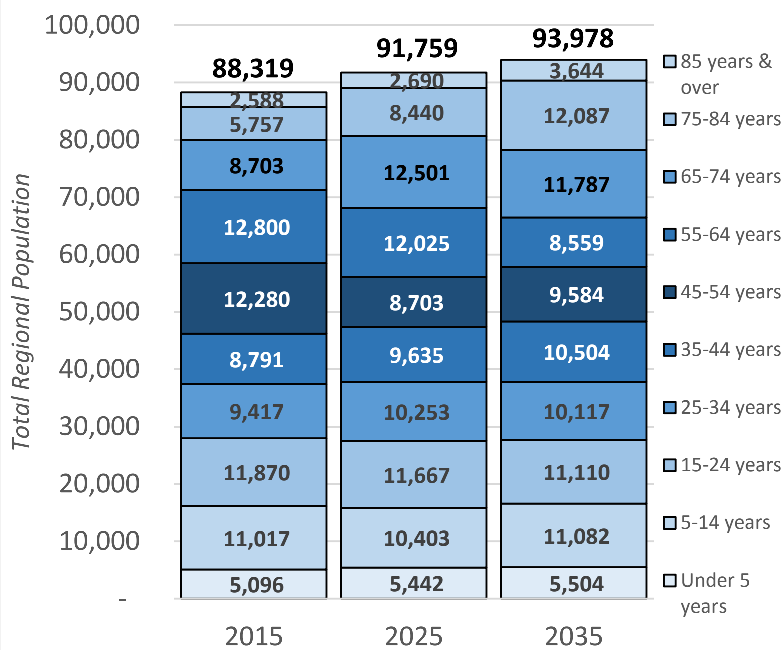


Source: U.S. Census Bureau, American Community Survey

POPULATION PROJECTIONS BY AGE GROUP, 2015-2035

After more than a decade of population decline, Region 1 is projected to enjoy a population increase in the next 20 years. According to population projections from the [Minnesota State Demographic Center](), the area is expected to gain over 5,500 net new residents from 2015 to 2035, a 6.4 percent increase (see Figure 3). In comparison, the state of Minnesota is projected to grow 10.8 percent.

Figure 3. Population Projections by Age Group, 2015-2035



Source: Minnesota State Demographic Center

Much of this population growth is expected to be in the older age groups. Region 1 is projected to add 10,470 people aged 65 years and over, a 61 percent increase. The region is also expected to gain nearly 2,500 people in the 25 to 44 year old age group, and a corresponding gain of about 500 children under 15 years of age. However, there are projected to be nearly 7,000 fewer residents aged 45 to 64 in the region as the Baby Boomer generation ages out of those cohorts.

POPULATION BY RACE, 2013

The population in Region 1 is less diverse than the state overall, but has had some significant changes over time. In 2013, just over 94 percent of the region's residents reported White alone as their race, compared to 85.6 percent of residents statewide. The region had a smaller percentage of Black or African American residents, Asian or Other Pacific Islanders, and people of Two or More Races, and those of Hispanic or Latino origin. However, the population of Black or African American, Asian, Two or More Races, and Hispanic or Latino residents increased significantly in Region 1 since 2000 (see Table 2).

At 1.1 percent, Region 1 had an equal concentration of American Indian and Alaskan Natives in its population to the state, due to the nearby Ojibwa tribes on the Red Lake and White Earth reservations. However, the region saw a small decline in the number of American Indians from 2000 to 2013, while the state saw a small increase.

Table 2. Race and Hispanic Origin, 2013	Region 1 - Northwest			Minnesota	
	Number	Percent	*Change from 2000-2013*	Percent	*Change from 2000-2013*
Total	**85,939**	**100.0%**	***-2.9%***	**100.0%**	***+8.7%***
White	80,992	94.2%	*-4.4%*	85.6%	*+4.0%*
Black or African American	730	0.8%	*+290.4%*	5.2%	*+63.0%*
American Indian & Alaska Native	910	1.1%	*-9.3%*	1.1%	*+4.6%*
Asian & Other Pac. Islander	904	1.1%	*+71.2%*	4.2%	*+56.9%*
Some Other Race	776	0.9%	*-33.2%*	1.4%	*+17.4%*
Two or More Races	1,627	1.9%	*+89.0%*	2.5%	*+59.6%*
Hispanic or Latino	3,100	3.6%	*+32.1%*	4.8%	*+79.3%*

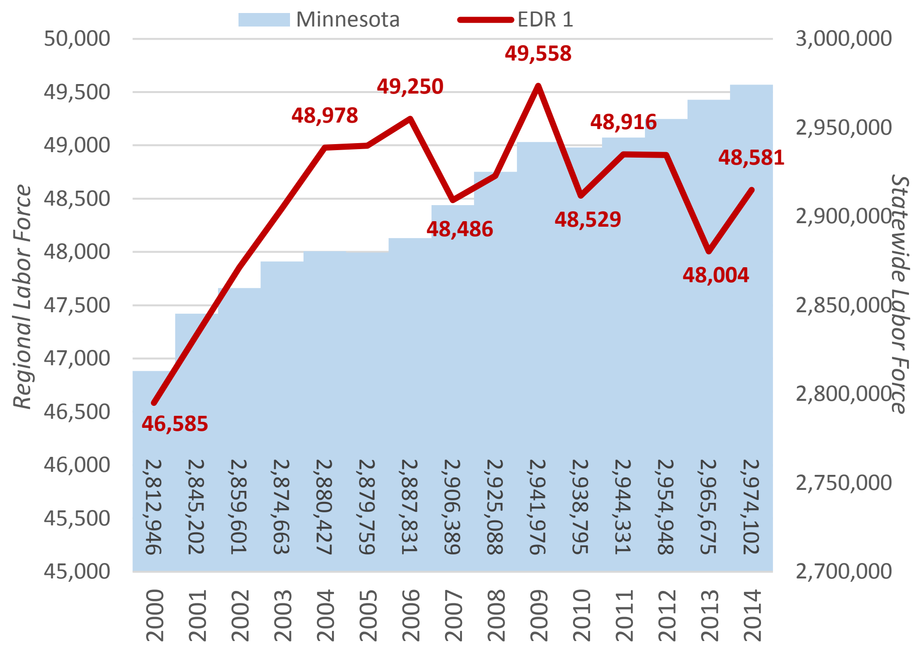
Source: [U.S. Census Bureau, American Community Survey]()

LABOR FORCE

LABOR FORCE CHANGE, 2000-2014

According to data from DEED's Local Area Unemployment Statistics program, Region 1 had an annual average labor force count of just over 48,500 workers through 2014. Despite the region's population decrease, Region 1 gained nearly 2,000 new workers since 2000. However, the region reached a peak of 49,558 workers in 2009, with about 1,000 workers dropping out of the labor force in the past five years (see Figure 4). Accordingly, the labor market in Region 1 has grown tighter, with fewer unemployed workers available and actively seeking work.

Figure 4. Annual Labor Force Estimates, 2000-2014



Source: DEED Local Area Unemployment Statistics (LAUS)

LABOR FORCE PROJECTIONS, 2015-2025

Applying current labor force participation rates to future population projections by age group, as shown in Figure 3 above, would lead to a continued decline in workforce numbers in Region 1 through 2025 (see Table 3).

In addition to the changing size, the labor force will also see a significant shift in composition over time, with large gains in the number of workers aged 65 years and over against huge declines in the number of workers aged 45 to 64 years. However, the region is still expected to see gains in the number of workers aged 20 to 44 years, and the 25 to 54 year old age group will still be the largest part of the labor force, still accounting for about 56 percent of the total workforce, though that is down from 58 percent in 2015 (see Table 3). This will likely lead to a tight labor market in the future as well, with employers needing to respond to the changing labor force availability in the region.

Table 3. Region 1 Labor Force Projections

	2015 Labor Force Projection	2025 Labor Force Projection	*2015-2025 Change*	
			Numeric	***Percent***
16 to 19 years	2,945	2,731	*-214*	*-7.3%*
20 to 24 years	4,007	4,233	*+226*	*+5.6%*
25 to 44 years	16,278	17,780	*+1,502*	*+9.2%*
45 to 54 years	10,757	7,624	*-3,133*	*-29.1%*
55 to 64 years	9,485	8,911	*-574*	*-6.1%*
65 to 74 years	2,559	3,675	*+1,116*	*+43.6%*
75 years & over	462	568	*+106*	*+22.9%*
Total Labor Force	**46,493**	**45,522**	***-971***	***-2.1%***

Source: Minnesota State Demographic Center, 2009-2013 American Community Survey 5-Year Estimates

EMPLOYMENT CHARACTERISTICS, 2013

With just 67.6 percent of the population aged 16 years and over in the labor force, Region 1 had lower labor force participation rates than the state's 70.3 percent rate. Interestingly, the region actually had higher labor force participation rates than the state for most age groups, yet the overall rate was lower because a higher percentage of Region 1's labor force was in older age groups (see Table 4).

In contrast, the region had lower participation rates than the state for all but two race groups; and had large unemployment rate disparities for most minority groups, with the exception of American Indians and workers of Two or More Races. Region 1 had about 2,800 veterans and 2,700 workers with disabilities in the labor force, with both having much lower unemployment rates in the region than the state. In sum, unemployment rates were highest for young people, minorities, workers with disabilities, and people with lower educational attainment.

Table 4. Employment Characteristics, 2013

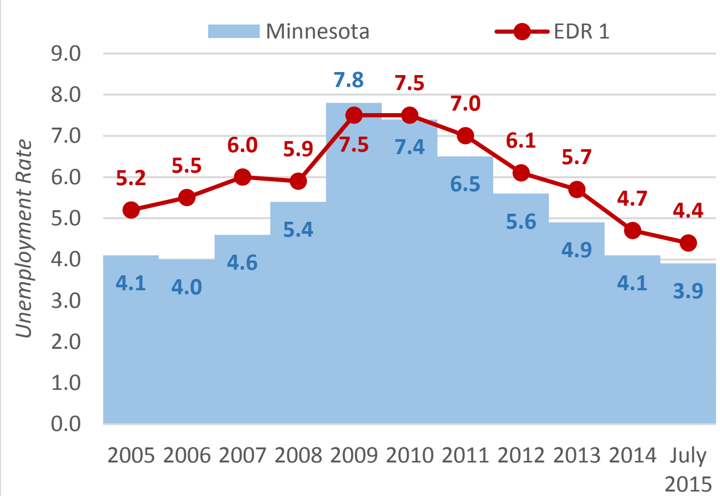
	Region 1			Minnesota	
	In Labor Force	Labor Force Partic. Rate	Unemp. Rate	Labor Force Partic. Rate	Unemp. Rate
Total Labor Force	**45,919**	**67.6%**	**6.8%**	**70.3%**	**7.1%**
16 to 19 years	2,584	54.3%	15.4%	50.9%	20.2%
20 to 24 years	3,812	78.7%	9.6%	81.6%	11.2%
25 to 44 years	17,036	89.4%	4.9%	88.2%	6.3%
45 to 54 years	11,457	87.6%	4.1%	87.5%	5.6%
55 to 64 years	8,508	74.1%	3.6%	71.7%	5.5%
65 to 74 years	2,133	29.4%	3.6%	26.5%	4.5%
75 years & over	383	5.1%	6.3%	5.8%	4.6%
Employment Characteristics by Race & Hispanic Origin					
White alone	43,787	67.7%	5.0%	70.5%	6.3%
Black or African American	302	59.5%	12.6%	67.6%	17.5%
American Indian & Alaska Native	434	63.6%	17.3%	60.1%	18.8%
Asian or Other Pac. Islanders	492	79.0%	13.0%	69.8%	8.5%
Some Other Race	377	64.2%	11.4%	77.6%	10.9%
Two or More Races	503	59.7%	8.9%	69.0%	14.4%
Hispanic or Latino	1,343	69.2%	12.5%	75.1%	10.4%
Employment Characteristics by Veteran Status					
Veterans, 18 to 64 years	2,813	79.1%	6.0%	77.8%	7.7%
Employment Characteristics by Disability					
With Any Disability	2,711	55.4%	9.6%	51.6%	14.6%
Employment Characteristics by Educational Attainment					
Population, 25 to 64 years	36,993	84.8%	4.4%	84.2%	5.9%
Less than H.S. Diploma	2,092	71.6%	8.7%	66.9%	14.6%
H.S. Diploma or Equivalent	11,291	80.9%	6.2%	79.4%	8.0%
Some College or Assoc. Degree	15,624	88.0%	3.6%	85.6%	6.1%
Bachelor's Degree or Higher	7,985	89.0%	2.0%	89.1%	3.4%

Source: 2009-2013 American Community Survey, 5-Year Estimates

UNEMPLOYMENT RATE, 2005-2015

Region 1 has consistently reported higher unemployment rates than Minnesota, regardless of the state of the economy. According to the Local Area Unemployment Statistics program, the unemployment rate in Region 1 hovered over 1 percent above the state rate from 2005 to 2007, but narrowed the gap from 2008 to 2010 at the height of the recession (see Figure 5), and actually dropped below the state unemployment rate in 2009. Since 2011, Region 1's unemployment rate has dropped from 7.0 percent below 5.0 percent, but has remained 0.5 percent above the state rate in the past year.

Figure 5. Unemployment Rates, 2005-2015



Source: DEED Local Area Unemployment Statistics (LAUS)

COMMUTE SHED AND LABOR SHED, 2013

According to commuting data from the Census Bureau, the vast majority – about 84 percent – of workers in the region also live within the region. However, Region 1 is a net exporter of labor, having fewer jobs than available workers, forcing residents to drive to surrounding counties and states for work. In sum, 29,793 workers both lived and worked in Region 1 in 2013, while another 7,650 workers drove into the region for work, compared to 12,262 workers who lived in the region but drove to outside counties for work (See Table 5 and Figure 6).

Table 5. Region 1 Inflow/Outflow Job Counts (All Jobs), 2013	2013	
	Count	Share
Employed in the Selection Area	37,443	100.0%
Employed in the Selection Area but Living Outside	7,650	15.8%
Employed and Living in the Selection Area	29,793	84.2%
Living in the Selection Area	42,055	100.0%
Living in the Selection Area but Employed Outside	12,262	29.2%
Living and Employed in the Selection Area	29,793	71.0%

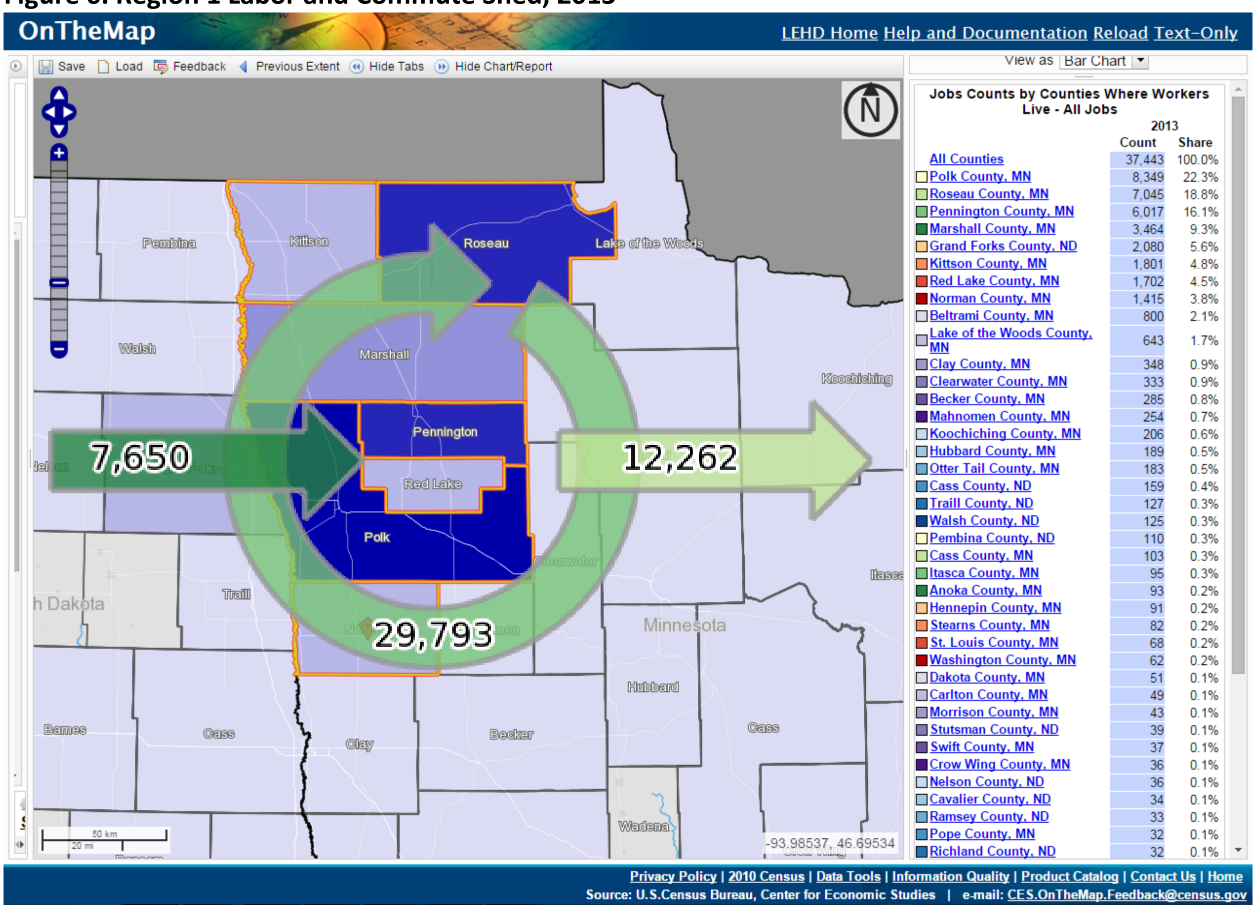
Source: U.S. Census Bureau, OnTheMap

Polk County is the largest employment center in the region, followed closely by Roseau and Pennington County. Employers in these counties draw workers from surrounding counties like Grand Forks, North Dakota, Beltrami, Lake of the Woods, Clay, and Clearwater. In contrast, the region also sends workers out of the region, primarily to larger metro areas including the Grand Forks and Fargo metropolitan statistical areas across the border in North Dakota (see Table 6 and Figure 6).

Table 6. Region 1 Commuting Patterns	
Counties outside the region that send the most workers into the region	Counties outside the region that the most workers from inside the region travel to
Grand Forks Co., ND	Grand Forks Co., ND
Beltrami Co., MN	Cass Co., ND
Lake of the Woods Co	Becker Co., MN
Clay Co., MN	Hennepin Co, MN
Clearwater Co., MN	Beltrami Co., MN

Source: U.S. Census Bureau, OnTheMap

Figure 6. Region 1 Labor and Commute Shed, 2013

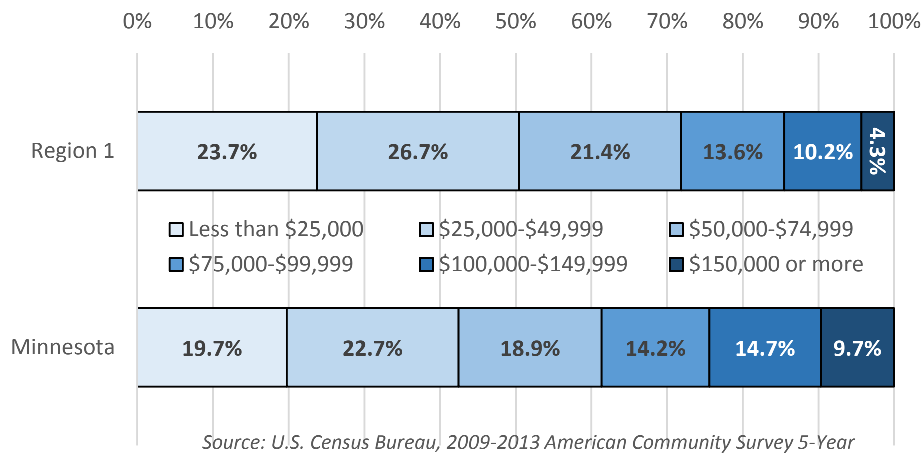


INCOMES, WAGES AND OCCUPATIONS

HOUSEHOLD INCOMES

Household incomes were significantly lower in Region 1 than the rest of the state. Median household incomes ranged from $45,389 in Norman County, which was the 14th lowest of 87 counties in the state, to $52,198 in Marshall County, which was the 33rd highest. Over half (50.4%) of the households in Region 1 had incomes below $50,000 in 2013, compared to 42.4 percent statewide. Over one-third of households earned between $50,000 and $100,000 in the region. In contrast, only 14.5 percent of households in Region 1 earned over $100,000 per year, compared to nearly 25 percent of households statewide (see Figure 7).

Figure 7. Household Incomes, 2013

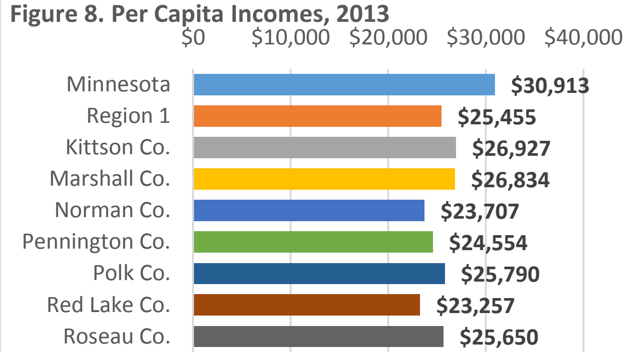


Source: U.S. Census Bureau, 2009-2013 American Community Survey 5-Year Estimates

PER CAPITA INCOMES

Per capita incomes were also lower in the region than the state, ranging from $23,257 in Red Lake County to $26,927 in Kittson County (see Figure 8).

Figure 8. Per Capita Incomes, 2013



Source: American Community Survey

COST OF LIVING

According to DEED's Cost of Living tool, the basic needs budget for an average Minnesota family (which consists of 2 adults and 1 child, with 1 full-time and 1 part-time worker) was $50,988 in 2015. The cost of living for a similar family in Region 1 was $40,812 – which was the third lowest of the 13 EDRs in the state. The highest monthly costs were for transportation, food, and housing; but the region's housing, child care, taxes, and transportation costs were significantly lower than the rest of the state (see Table 7).

Of the counties in Northwest, Pennington had the lowest basic needs budget in the region at $38,704 for 2015 – which was the fourth lowest in the state. Norman County registered the highest yearly costs for an average family in the region at $44,450, with the highest cost differences found in transportation and taxes, though that was still significantly below the state cost of living.

In order to meet the basic cost of living for the region, the workers in the family scenario listed above would need to earn $13.08 per hour.

Table 7. Family Yearly Cost, Worker Hourly Wage, and Family Monthly Costs, 2015

Region	Family Yearly Cost of Living	Hourly Wage Required	Monthly Costs: Child Care	Food	Health Care	Housing	Transportation	Other	Taxes
Region 1	$40,812	$13.08	$189	$766	$397	$689	$936	$204	$220
Minnesota	$50,988	$16.34	$443	$772	$405	$907	$1,039	$235	$448

Source: DEED Cost of Living tool

WAGES AND OCCUPATIONS

The median hourly wage for all occupations in Region 1 was $16.39 in the first quarter of 2015, which was the highest wage level of the 4 EDRs in the Northwest Minnesota planning region. However, Region 1's median wage was still over $2.25 below the state's median hourly wage, or just under 88 percent of the statewide wage rate, and over $4.00 below the median hourly wage in the Twin Cities metro area, which amounts to over $8,000 per year for a full-time worker. Compared to surrounding areas, median wages in Region 1 were over $2.00 per hour more than Region 5 at $14.37, and over 50 cents per hour higher than Region 2 at $15.77 and Region 4 at $15.66. Interestingly, within the Northwest planning area, Region 1 had the highest median wages despite having the lowest cost of living (see Table 8).

Table 8. Occupational Employment Statistics by EDR, 1st Qtr. 2015	Median Hourly Wage	Estimated Regional Employment
Northwest Planning Area	**$15.42**	**203,060**
EDR 1 - Northwest	**$16.39**	**36,130**
EDR 2 - Headwaters	$15.77	27,330
EDR 4 - West Central	$15.66	83,540
EDR 5 - North Central	$14.37	56,050
Northeast Planning Area	$14.58	141,800
Central Planning Area	$16.66	263,270
Southwest Planning Area	$15.48	177,030
Southeast Planning Area	$17.74	253,990
Seven County Metro Area	$20.49	1,691,650
State of Minnesota	**$18.65**	**2,730,020**
		Source: DEED Occupational Employment Statistics

Over 16.5 percent of the jobs in Region 1 were production occupations, which was over twice as concentrated as in the state as a whole. The largest occupational group in the region was office and administrative support, followed by production and sales and related occupations. Region 1 also had a higher share than the state of workers in transportation and material moving; education, training, and library; protective service; and farming, fishing and forestry occupations (see Table 9).

Table 9. Region 1 Occupational Employment Statistics, 1st Qtr. 2015					**State of Minnesota**		
	Median Hourly Wage	Estimated Regional Employment	*Share of Total Employment*	*Location Quotient*	Median Hourly Wage	Estimated Regional Employment	*Share of Total Employment*
Total, All Occupations	**$16.39**	**36,130**	***100.0%***	***1.0***	**$18.65**	**2,730,020**	***100.0%***
Office & Administrative Support	$15.59	6,100	*16.9%*	*1.1*	$17.27	409,100	*15.0%*
Production	$16.54	5,970	*16.5%*	*2.1*	$16.61	217,830	*8.0%*
Sales & Related	$12.33	3,450	*9.5%*	*1.0*	$13.24	270,540	*9.9%*
Education, Training, & Library	$20.82	2,950	*8.2%*	*1.4*	$22.72	156,090	*5.7%*
Transportation & Material Moving	$15.75	2,790	*7.7%*	*1.3*	$16.18	167,130	*6.1%*
Healthcare Practitioners & Technical	$25.30	2,150	*6.0%*	*1.0*	$31.54	160,390	*5.9%*
Management	$37.85	1,530	*4.2%*	*0.7*	$47.47	165,730	*6.1%*
Healthcare Support	$12.14	1,290	*3.6%*	*1.1*	$13.63	89,360	*3.3%*
Installation, Maintenance, & Repair	$19.12	1,270	*3.5%*	*1.0*	$21.52	94,310	*3.5%*
Business & Financial Operations	$24.19	1,090	*3.0%*	*0.5*	$30.37	159,970	*5.9%*
Construction & Extraction	$17.99	1,080	*3.0%*	*0.9*	$24.88	91,240	*3.3%*
Food Preparation & Serving Related	$9.15	1,050	*2.9%*	*0.3*	$9.21	228,640	*8.4%*
Personal Care & Service	$11.05	1,030	*2.9%*	*0.6*	$11.11	120,000	*4.4%*
Building & Grounds Cleaning & Maint.	$12.36	1,020	*2.8%*	*0.9*	$12.03	81,560	*3.0%*
Community & Social Service	$18.90	720	*2.0%*	*1.1*	$20.51	49,210	*1.8%*
Protective Service	$21.65	720	*2.0%*	*1.2*	$19.43	43,660	*1.6%*
Architecture & Engineering	$26.60	610	*1.7%*	*0.9*	$34.76	50,980	*1.9%*
Computer & Mathematical	$29.05	520	*1.4%*	*0.4*	$37.96	91,560	*3.4%*
Arts, Design, Entertainment & Media	$17.26	300	*0.8%*	*0.6*	$21.82	36,430	*1.3%*
Life, Physical, & Social Science	$23.03	210	*0.6%*	*0.7*	$30.29	24,410	*0.9%*
Farming, Fishing, & Forestry	$18.20	200	*0.6%*	*4.2*	$14.41	3,570	*0.1%*
Legal	$22.25	80	*0.2%*	*0.3*	$38.48	18,330	*0.7%*
							Source: DEED Occupational Employment Statistics, Qtr. 1 2015

Not surprisingly, the lowest-paying jobs are in food preparation and serving, personal care and service, sales and related, healthcare support, and building and grounds cleaning and maintenance jobs, which tend to have lower educational and training requirements. For the most part, the gap in pay between Region 1 and the state is also lower in these jobs. In contrast, the highest paying jobs are found in management, computer, business and financial operations, healthcare practitioners, and architecture and engineering occupations, which all need higher levels of education and experience, including many that require postsecondary training. The pay gaps between the region and state are much bigger in these occupations. Legal occupations have the highest pay gap in Region 1, where wages are over $16.00 per hour less than the state average.

JOB VACANCY SURVEY

Employers in Region 1 reported 1,376 job vacancies in the second quarter of 2015, the highest number ever recorded in the region. It was also an 18 percent increase compared to the previous year, and a 315 percent increase from the low point during the recession in the second quarter of 2009. Overall, 57 percent of the openings were part-time, and about one-fourth required postsecondary education or 1 or more years of experience. The median hourly wage offer for all openings was $11.81, but ranged from $8.00 for arts, design, entertainment, and media workers to $33.61 for management jobs (see Table 10).

Table 10. Region 1 Job Vacancy Survey Results

	Number of Total Vacancies	Percent Part-time	Requiring Post-Secondary Education	Requiring 1 or More Years of Experience	Requiring Certificate or License	Median Hourly Wage Offer
Total, All Occupations	**1,376**	**57%**	**21%**	**27%**	**36%**	**$11.81**
Food Preparation & Serving Related	434	85%	0%	20%	3%	$9.33
Transportation & Material Moving	184	68%	1%	28%	76%	$14.31
Education, Training, & Library	147	49%	96%	35%	76%	$18.12
Office & Administrative Support	125	48%	14%	13%	11%	$11.35
Production	101	19%	16%	29%	3%	$13.32
Sales & Related	58	50%	3%	50%	12%	$12.23
Healthcare Support	56	25%	7%	0%	96%	$10.97
Business & Financial Operations	55	69%	25%	25%	76%	$10.73
Healthcare Practitioners & Technical	55	10%	86%	23%	98%	$14.87
Building, Grounds Cleaning & Maint.	45	37%	0%	0%	32%	$10.37
Community & Social Service	27	N/A	N/A	N/A	N/A	$11.56
Architecture & Engineering	25	0%	100%	96%	64%	$15.17
Arts, Design, Entertainment & Media	16	100%	0%	13%	5%	$8.00
Construction & Extraction	10	0%	0%	67%	92%	$16.89
Installation, Maintenance, & Repair	8	13%	51%	51%	38%	$14.28
Management	7	0%	100%	100%	41%	$33.61

Source: DEED Job Vacancy Survey, Qtr. 2 2015

OCCUPATIONS IN DEMAND

According to DEED's Occupations in Demand tool, about 150 occupations are showing relatively high demand in the region, with training and education requirements ranging from short-term on-the-job training to postsecondary education to advanced degrees.

These occupations are spread across different sectors but are also concentrated in the region's major industries. For example, nursing assistants, stock clerks, and janitors and cleaners are the top three occupations based on the consistent need for these workers. Many of the top 25 are in health care, ranging from home health aides and medical assistants to LPNs, RNs, and family practitioners (see Table 11).

Table 11. Region 1 Occupations in Demand by Education Level, 2014

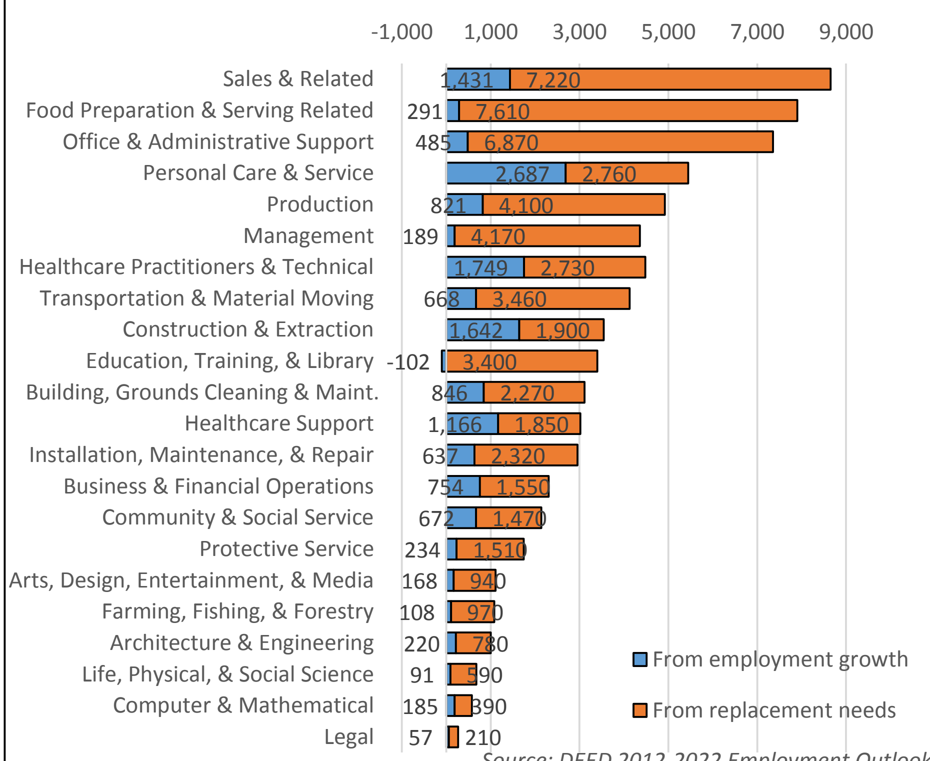
Less than High School	High School or Equivalent	Some College or Assoc. Degree	Bachelor's Degree or Higher
Stock Clerks & Order Fillers ($27,671)	Office Clerks, General ($29,371)	Nursing Assistants ($24,468)	Secondary School Teachers ($52,419)
Janitors & Cleaners, exc. Maids & Housekeeping ($26,921)	Bookkeeping, Accounting, & Auditing Clerks ($34,974)	Registered Nurses ($58,999)	Industrial Engineers ($69,849)
Cashiers ($19,601)	Light Truck or Delivery Services Drivers ($30,181)	Licensed Practical Nurses ($38,936)	Network & Computer Systems Admins. ($60,570)
Retail Salespersons ($22,857)	Tellers ($26,766)	Emergency Medical Techs. & Paramedics ($27,186)	Mental Health & Substance Abuse Social Workers ($46,845)
Home Health Aides ($23,771)	Substance Abuse & Behavioral Disorder Counselors ($45,842)	Medical Assistants ($31,555)	Accountants & Auditors ($59,980)
Packers & Packagers, Hand ($28,170)	Social & Human Service Assistants ($29,004)	Heating, Air Conditioning, & Refrig. Mechanics ($63,108)	Pharmacists ($137,490)
Combined Food Preparation & Serving Workers ($18,211)	Customer Service Representatives ($34,024)	First-Line Supervisors of Production Workers ($52,394)	Family & General Practitioners ($178,235)
Machine Feeders & Offbearers ($33,073)	Order Clerks ($36,871)	Mechanical Drafters ($42,975)	Sales Representatives, Wholesale & Mfg. ($66,223)
Personal Care Aides ($22,821)	Shipping, Receiving, & Traffic Clerks ($34,320)	Heavy & Tractor-Trailer Truck Drivers ($36,660)	General & Operations Managers ($67,722)
Farmworkers, Farm, Ranch, & Aquaculture ($20,703)	Computer-Controlled Machine Tool Operators ($29,070)	Computer User Support Specialists ($50,944)	Child, Family, & School Social Workers ($51,795)

Source: *DEED Occupations in Demand*

EMPLOYMENT PROJECTIONS

Region 1 is a small part of the larger 26-county Northwest Minnesota Planning area, along with Region 2, Region 4, and Region 5. The Northwest planning area is projected to grow 5.9 percent from 2012 to 2022, a gain of 14,999 new jobs. In addition, the region is also expected to need 59,060 replacement openings to fill jobs left vacant by retirements and other career changers. In fact, the number of replacement openings is expected to dwarf the number of new jobs in every group except for personal care and service occupations, construction and extraction workers; and health care occupations. Education, training and library is the only occupational group that is not expected to add new jobs, though it will still have 3,400 openings (see Figure 9).

Figure 9. Northwest Minnesota Employment Projections, 2012-2022

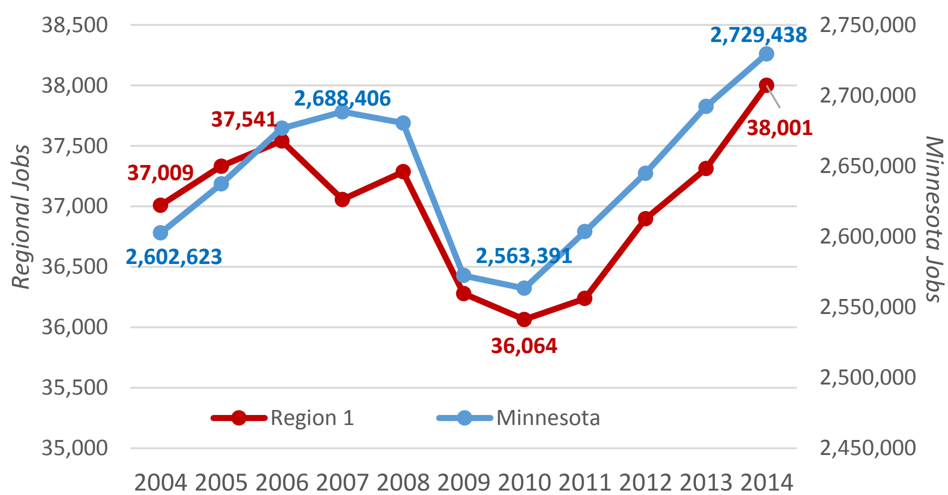


Source: *DEED 2012-2022 Employment Outlook*

ECONOMY

INDUSTRY EMPLOYMENT

Figure 10. Industry Employment Change, 2004-2014



Source: DEED Quarterly Census of Employment & Wages (QCEW)

Despite some ups and downs, Region 1 has seen employment growth over the past decade, gaining nearly 1,000 net new jobs from 2004 to 2014. The region experienced some job gains from 2004 to 2008 before suffering severe declines in 2009 and 2010. Since then, the region has recovered rapidly, adding jobs at a 5.4 percent clip from 2010 to 2014, compared to a 4.2 percent increase across the entire Northwest planning area, and a 6.5 percent recovery in the state (see Figure 10).

According to DEED's Quarterly Census of Employment & Wages (QCEW) program, Region 1 was home to 2,681 business establishments providing 38,001 covered jobs through 2014, with a total payroll of just under $1.5 billion. That was 1.4 percent of total employment in the state of Minnesota. Average annual wages were $39,000 in the region, which was $12,500 lower than the state's average annual wage, but the fifth highest of the 13 EDRs in the state, and easily the highest of the 4 EDRs in Northwest Minnesota.

In Region 1, Polk County is the largest in terms of employment, with 12,241 jobs at 964 firms; followed closely by Pennington County with 10,284 jobs at 421 firms and Roseau County with 8,908 jobs at 436 firms. Pennington County saw the fastest job growth from 2010 to 2014, expanding 13.5 percent after adding 1,223 new jobs. Including Pennington, five of the seven counties in Region 1 added jobs since 2010, with only Norman and Red Lake seeing declines. Four counties saw job gains in the past year as well, again led by Pennington and Roseau County, which both easily outpaced the state in job growth (see Table 12).

Table 12. Region 1 Industry Employment Statistics, 2014

Geography	Number of Firms	Number of Jobs	Total Payroll	Average Annual Wage	*2010-2014* Change in Jobs	*2010-2014* Percent Change	*2013-2014* Change in Jobs	*2013-2014* Percent Change
EDR 1 – Northwest	**2,681**	**38,001**	**$1,483,799,280**	**$39,000**	***+1,937***	***+5.4%***	***+689***	***+1.8%***
Kittson Co.	186	1,480	$52,811,621	$35,672	*+88*	*+6.3%*	*-20*	*-1.3%*
Marshall Co.	309	2,381	$92,166,978	$38,636	*+143*	*+6.4%*	*+8*	*+0.3%*
Norman Co.	241	1,676	$55,397,538	$33,020	*-85*	*-4.8%*	*-9*	*-0.5%*
Pennington Co.	421	10,284	$418,663,228	$40,664	*+1,223*	*+13.5%*	*+418*	*+4.2%*
Polk Co.	964	12,241	$435,740,822	$35,568	*+65*	*+0.5%*	*+20*	*+0.2%*
Red Lake Co.	126	1,029	$32,123,023	$31,148	*-138*	*-11.8%*	*-29*	*-2.7%*
Roseau Co.	436	8,908	$396,896,070	$44,512	*+641*	*+7.8%*	*+301*	*+3.5%*
State of Minnesota	**164,409**	**2,729,438**	**$140,857,248,755**	**$51,584**	***+166,047***	***+6.5%***	***+37,321***	***+1.4%***

Source: DEED Quarterly Census of Employment & Wages (QCEW)

With 8,029 jobs at 118 firms, manufacturing is the largest employing industry in Region 1, accounting for 21 percent of total jobs in the region. That is 10 percent more concentrated than manufacturing employment in the state. In addition, jobs in the manufacturing sector grew by 10.7 percent since 2010 in Region 1, a gain of nearly 800 net new jobs. The state also added manufacturing jobs in that time, but at a 6.7 percent rate. Due to a few key producers, the largest manufacturing subsector in the region is transportation equipment (3,216 jobs), with food manufacturing a distant second (923 jobs). At $51,948, the average annual wages in manufacturing were nearly $13,000 higher than the total of all industries in Region 1.

The second largest industry is health care and social assistance, which has 5,466 jobs at 218 establishments, after it lost 400 jobs since 2010, or 6.8 percent of the industry's employment. In contrast, the state added health care jobs at an 8.3 percent rate since 2010.

Wholesale trade is the third largest industry, with 4,659 jobs at 153 establishments, which is unique to the region. At $49,712 annually, wholesale trade wages are relatively high compared to other industries in Region 1, but are lower than the average annual wage in wholesale trade in the state ($77,012). Still, wholesale trade employers added 780 jobs since 2010, a growth rate of over 20 percent.

The fastest growing industry in the region was agriculture, which added 220 jobs for a 26.3 percent growth rate since 2010. Other important industries in Region 1 include retail trade, educational services, public administration, accommodation and food services, transportation and warehousing, construction, other services, agriculture, and administrative support and waste management services. Seven of the 20 main industries in the region added jobs since 2010, with huge gains in manufacturing, wholesale trade, agriculture, and transportation and warehousing. More impressively, 12 of the 20 industries added jobs in the past year, led by wholesale trade, manufacturing, and administrative support and waste management services, which includes temporary staffing agencies (see Table 13).

Table 13. Region 1 Industry Employment Statistics, 2014

	2014 Annual Data				Avg.	*2010-2014*		*2013-2014*	
NAICS Industry Title	Number of Firms	Number of Jobs	*Percent of Jobs*	Total Payroll	Annual Wage	*Change in Jobs*	*Percent Change*	*Change in Jobs*	*Percent Change*
Total, All Industries	**2,681**	**38,001**	***100.0%***	**$1,483,799,280**	**$39,000**	***+1,937***	***+5.4%***	***+689***	***+1.8%***
Manufacturing	118	8,029	*21.1%*	$416,388,265	$51,948	*+779*	*+10.7%*	*+218*	*+2.8%*
Health Care & Social Assistance	218	5,466	*14.4%*	$188,611,301	$34,476	*-400*	*-6.8%*	*-105*	*-1.9%*
Wholesale Trade	153	4,659	*12.3%*	$231,830,836	$49,712	*+780*	*+20.1%*	*+315*	*+7.3%*
Retail Trade	359	3,652	*9.6%*	$81,716,856	$22,360	*-39*	*-1.1%*	*-69*	*-1.9%*
Educational Services	69	3,328	*8.8%*	$131,488,133	$39,728	*-35*	*-1.0%*	*-15*	*-0.4%*
Public Administration	142	2,202	*5.8%*	$91,588,937	$41,600	*-115*	*-5.0%*	*+24*	*+1.1%*
Accommodation & Food Services	183	2,177	*5.7%*	$24,883,392	$11,388	*-35*	*-1.6%*	*+29*	*+1.4%*
Transportation & Warehousing	185	1,095	*2.9%*	$48,411,357	$44,096	*+80*	*+7.9%*	*-10*	*-0.9%*
Construction	282	1,062	*2.8%*	$49,727,657	$45,968	*+68*	*+6.8%*	*+61*	*+6.1%*
Other Services	202	1,059	*2.8%*	$19,976,887	$18,824	*-100*	*-8.6%*	*+19*	*+1.8%*
Agriculture, Forestry, Fish & Hunt	244	1,056	*2.8%*	$37,498,072	$34,788	*+220*	*+26.3%*	*+21*	*+2.0%*
Admin. Support & Waste Mgmt.	77	1,003	*2.6%*	$35,549,503	$35,412	*N/A*	*N/A*	*+173*	*+20.8%*
Finance & Insurance	161	913	*2.4%*	$42,300,514	$46,280	*-3*	*-0.3%*	*+24*	*+2.7%*
Arts, Entertainment & Recreation	56	897	*2.4%*	$17,371,527	$19,396	*-6*	*-0.7%*	*+11*	*+1.2%*
Information	44	542	*1.4%*	$18,682,394	$34,424	*N/A*	*N/A*	*+1*	*+0.2%*
Professional & Technical Services	120	500	*1.3%*	$22,997,532	$46,020	*-25*	*-4.8%*	*-7*	*-1.4%*
Utilities	13	136	*0.4%*	$9,917,299	$72,852	*-3*	*-2.2%*	*-1*	*-0.7%*
Real Estate & Rental & Leasing	43	120	*0.3%*	$2,975,201	$24,752	*+22*	*+22.4%*	*+3*	*+2.6%*
Management of Companies	6	63	*0.2%*	$9,828,161	$156,936	*N/A*	*N/A*	*N/A*	*N/A*
Mining	8	38	*0.1%*	$2,055,456	$52,936	*+2*	*+5.6%*	*N/A*	*N/A*

Source: DEED Quarterly Census of Employment & Wages (QCEW)

DISTINGUISHING INDUSTRIES

As shown above, Region 1 stands out in the state for its higher concentrations of employment in manufacturing and wholesale trade, but has a broader list of industry sectors that are more prevalent in the region than the state. Region 1 has 1.4 percent of total state employment, but over 10 percent of the state's jobs in transportation equipment manufacturing, pipeline transportation, crop production, and support activities for agriculture and forestry; leading to location quotients above 5.0. The region also has relatively high concentrations in junior colleges, executive, legislative, and general government support, and amusement, gambling, and recreation, which includes casinos (see Table 14).

Table 14. Region 1 Distinguishing Industries, 2014

NAICS Industry Title	NAICS Code	Number of Firms	Number of Jobs	Total Payroll	Avg. Annual Wages	Location Quotient
Total, All Industries	**0**	**2,681**	**38,001**	**$1,483,799,280**	**$39,000**	**1.0**
Transportation Equipment Manufacturing	336	14	3,459	$207,720,364	$60,424	21.5
Pipeline Transportation	486	10	90	$10,180,324	$113,568	10.4
Crop Production	111	190	801	$28,261,577	$34,632	8.5
Support Activities for Agriculture & Forestry	115	37	170	$6,400,819	$37,544	5.6
Merchant Wholesalers, Durable Goods	423	50	3,656	$185,168,826	$50,596	4.0
Gasoline Stations	447	54	731	$12,525,678	$17,108	2.2
Junior Colleges	6112	2	272	$14,499,034	$53,560	2.1
Executive, Legislative, & General Gov't Support	921	72	1,640	$65,594,061	$40,040	1.7
Amusement, Gambling & Recreation Industries	713	42	856	$16,805,501	$19,656	1.7
Merchant Wholesalers, Nondurable Goods	424	93	974	$45,275,911	$46,540	1.6

Source: DEED Quarterly Census of Employment & Wages (QCEW)

INDUSTRY PROJECTIONS

As noted above, Region 1 is part of the 26-county Northwest Minnesota Planning Region, which is projected to grow 5.9 percent from 2012 to 2022, a gain of 14,999 new jobs.

Table 15. Northwest Minnesota Industry Projections, 2012-2022

Industry	Estimated Employment 2012	Projected Employment 2022	Percent Change 2012-2022	Numeric Change 2012-2022
Total, All Industries	**254,122**	**269,121**	**+5.9%**	**+14,999**
Health Care & Social Assistance	32,742	38,734	+18.3%	+5,992
Retail Trade	27,570	29,508	+7.0%	+1,938
Manufacturing	27,195	28,176	+3.6%	+981
Accommodation & Food Services	19,495	19,925	+2.2%	+430
Wholesale Trade	11,144	12,001	+7.7%	+857
Construction	9,165	10,585	+15.5%	+1,420
Other Services	10,198	10,337	+1.4%	+139
Agriculture, Forestry, Fish & Hunt	5,745	6,161	+7.2%	+416
Finance & Insurance	5,747	5,689	-1.0%	-58
Transportation & Warehousing	5,302	5,443	+2.7%	+141
Arts, Entertainment & Recreation	4,939	5,173	+4.7%	+234
Professional & Technical Services	4,585	4,953	+8.0%	+368
Admin. Support & Waste Mgmt.	4,273	4,647	+8.8%	+374
Information	2,902	2,539	-12.5%	-363
Educational Services	2,446	2,490	+1.8%	+44
Real Estate & Rental & Leasing	1,376	1,539	+11.8%	+163
Utilities	1,184	1,068	-9.8%	-116
Management of Companies	679	767	+13.0%	+88
Mining	261	226	-13.4%	-35

Source: DEED 2012-2022 Employment Outlook

The largest and fastest growing industry is expected to be health care and social assistance, which may account for nearly 40 percent of total projected growth in the region by 2022. The region is also expected to see significant employment growth in retail trade, construction, wholesale trade, accommodation and food services, and agriculture, forestry, fishing and hunting. In contrast, the region is expected to see declines in finance and insurance, information, utilities, and mining (see Table 15).

EMPLOYERS BY SIZE CLASS

The vast majority of businesses in Region 1 are small businesses, with 57.3 percent of businesses reporting 1 to 4 employees in 2013, according to County Business Patterns from the U.S. Census Bureau. Another 31.1 percent had between 5 and 19 employees, with just 35 businesses in the region having 100 or more employees. However, Region 1 did have 4 businesses with more than 1,000 employees, accounting for 5 of the 13 businesses in the entire Northwest planning region that had more than 500 employees, which is the official cut off for a "small business" according to the Small Business Administration. Small businesses are vital to the region's economy (see Table 16).

Table 16. Employers by Size Class, 2013

	Region 1		Minnesota
Number of Employees	Number of Firms	Percent of Firms	Percent of Firms
1-4	1,296	57.3%	54.2%
5-9	455	20.1%	17.7%
10-19	249	11.0%	13.4%
20-49	182	8.0%	8.9%
50-99	44	1.9%	3.2%
100-249	23	1.0%	1.9%
250-499	7	0.3%	0.5%
500-999	1	0.0%	0.2%
1,000 or more	4	0.2%	0.1%
Total Firms	**2,261**	**100.0%**	**100.0%**

Source: U.S. Census, County Business Patterns

NONEMPLOYER ESTABLISHMENTS

Before growing, the basic building block of most small businesses is a self-employed business. Region 1 was home to 5,928 self-employed businesses or "non-employers" in 2013, which are defined by the U.S. Census Bureau as "businesses without paid employees that are subject to federal income tax, originating from tax return information of the Internal Revenue Service (IRS)." Unlike covered employment, Region 1 saw a much slower increase in nonemployers over the past decade, with only four of the seven counties seeing an increase. In sum, the region gained 31 new non-employers from 2003 to 2013, a 0.5 percent increase, compared to an 11.5 percent rise statewide. Nonemployers in Region 1 generated sales receipts of over $231 million in 2013 (see Table 17).

Table 17. Nonemployer Statistics, 2013

	2013		*2003-2013*	
	Number of Firms	Receipts ($1,000s)	*Change in Firms*	*Percent Change*
EDR 1 – Northwest	**5,928**	**$231,320**	***+31***	***+0.5%***
Kittson Co.	327	$13,487	*-18*	*-5.2%*
Marshall Co.	645	$22,769	*-15*	*-2.3%*
Norman Co.	487	$23,704	*+19*	*+4.1%*
Pennington Co.	893	$33,640	*+36*	*+4.2%*
Polk Co.	2,183	$84,707	*+16*	*+0.7%*
Red Lake Co.	231	$11,628	*-48*	*-17.2%*
Roseau Co.	1,162	$41,385	*+41*	*+3.7%*
State of Minnesota	**388,900**	**$17,268,230**	***+40,173***	***+11.5%***

Source: U.S. Census, Nonemployer Statistics program

CENSUS OF AGRICULTURE

Finally, another important industry in Region 1 is agriculture. Home to the Red River Valley, there are 5,438 farms producing nearly $1.7 billion in the market value of products sold in 2012, according to the U.S. Department of Agriculture. Region 1 had 7.3 percent of the state's farms, and 8.0 percent of the state's total market value of products sold. Polk County is the leader in the region, ranked as one of the top five counties in the state for the market value of products sold, followed by Marshall and Norman County at 29th and 38th, respectively. Despite seeing a small decline in the number of farms, the region saw a 67 percent increase in the market value of products sold from 2007 to 2012, as many farms grew in size and commodity prices increased (see Table 18).

Table 18. Census of Agriculture, 2012

	Number of Farms	Market Value of Products Sold	*State Rank*	*Change in Market Value, 2007-2012*
EDR 1 - Northwest	**5,438**	**$1,694,302,000**		***+67.0%***
Kittson Co.	544	$180,561,000	*53*	*+71.4%*
Marshall Co.	1,148	$322,332,000	*29*	*+69.8%*
Norman Co.	610	$281,234,000	*38*	*+67.1%*
Pennington Co.	515	$82,449,000	*64*	*0.0%*
Polk Co.	1,322	$594,533,000	*4*	*+74.1%*
Red Lake Co.	322	$74,782,000	*65*	*+75.3%*
Roseau Co.	977	$158,411,000	*56*	*+86.8%*
State of Minnesota	**74,542**	**$21,280,184,000**		***+61.5%***

Source: 2012 Census of Agriculture